

INTERNATIONAL COPYRIGHT, U.S. & FOREIGN COMMERCIAL SERVICE  
AND U.S. DEPARTMENT OF STATE, 2001. ALL RIGHTS RESERVED  
OUTSIDE OF THE UNITED STATES.

This Country Commercial Guide (CCG) presents a comprehensive look at the Albania's commercial environment, using economic, political and market analysis.

Table of Contents

Chapter 1	Executive Summary
Chapter 2	Economic Trends and Outlook
Chapter 3	Political Environment
Chapter 4	Marketing U.S. Products and Services
Chapter 5	Leading Sectors for U.S. Exports and Investment
Chapter 6	Trade Regulations, Customs and Standards
Chapter 7	Investment Climate Statement
Chapter 8	Trade and Project Financing
Chapter 9	Business Travel
Chapter 10	Economic and Trade Statistics
Chapter 11	U.S. and Country Contacts
Chapter 12	Market Research
Chapter 13	Trade Event Schedule

Chapter 1      Executive Summary

Albania (pop. 3.4 million) has a small but growing economy that is simultaneously making the transition to a free market while recovering from civil insurrection that followed the collapse of pyramid schemes in 1997. Albania's 50 year period of isolation and its history of centralized planning left the country poor, under-developed and in dire need of investment. The generally low level of development and limited obstacles to market entry, however, mean that there are significant opportunities for savvy investors.

The country is reviving its infrastructure, privatizing potentially lucrative telephony, energy, banking, and mining companies, has a well-educated and relatively inexpensive work force, an entrepreneurial populace, and features proximity to lucrative western European markets. U.S. products and companies are highly regarded by Albanian consumers and the national government is eager to attract U.S. investment.

There are, however, serious challenges to doing business in Albania. Crime and security remain concerns, although the government has made significant progress toward improving public order. Corruption is widespread in both business and government circles and the government can tie projects up in red tape or withhold necessary licenses and support so that projects never get off the ground.

## Chapter 2      Economic Trends and Outlook

Albania's economy is recovering from near total collapse in 1997. In the last three years, the country has enjoyed significant growth and macroeconomic stability. In 1999, GDP grew by 7.3 percent and there was mild deflation of 1.0 percent. In 2000, GDP increased 7.0 percent and inflation remained low. In 2001, the economy is expected to expand 7.3 percent and inflation will vary between two and four percent. Foreign direct investment is growing. In 1999, FDI totaled USD 41 million. In 2000, FDI had increased to USD 143 million. Unemployment, however, remains high with 16 percent of the workforce officially classified as unemployed. Albania's economy remains largely agricultural with agriculture accounting for 52.9 percent of GDP and industry and services contributing 25.2 and 21.9 percent, respectively.

### GOA's Role in the Economy

Albania is completing the process of transition from a centralized planned economy to a free-market. The state's role in the economy is shrinking as this process continues. In 2000, the GOA sold the state-owned mobile phone company, AMC, to a Norwegian-Greek consortium for USD 86 million. In 2001, the GOA privatized its four remaining small and medium-sized enterprises, a brewery, distillery, dairy, and pharmaceutical company and sold a second GSM license for USD 38 million. The GOA plans to sell the Savings Bank of Albania and INSIG, the state-owned insurance company, in 2001-2002. Nearly all land in Albania is privately owned.

### Balance of Trade

In 2000, Albania's imports exceeded USD one billion and the country ran a trade deficit of USD 814 million. Exports fell by seven percent. The IMF attributes the fall in exports to a decline in industrial production. The increase in imports was due to increased domestic demand for imported goods as well as large increases in electricity imports. Albania has a trade deficit with its three major trading partners: Italy, Greece and Germany. One of the largest positive contributors to its balance of payments is remittances from abroad which are estimated to have reached USD 517 million in 1998.

### Adequacy of the Infrastructure

In general, Albania's infrastructure is antiquated, dilapidated and under-funded. However, the government has embarked on a major program of road rehabilitation and reconstruction that is resulting in significant infrastructure improvements. A new highway links Tirana with its port of Durres, reducing travel time between the two cities to 20 minutes from 45. The GOA reports that it has financing to complete the road portion of Corridor VIII which will link the ports of Durres and Vlora with Macedonia. While progress in the road sector is undeniable, road-building projects still suffer from a lack of donor coordination, imprecise design specifications and occasional land acquisition problems.

Albania is privatizing operations at its two major ports-- Durres and Vlora. Durres handles 90 percent of Albania's maritime cargo and the World Bank and EBRD are funding rehabilitation of Durres quays, piers and wharves. If rail and road connections can be improved and port efficiency improved, Durres may be able to develop as a gateway to Kosovo as well as Albania.

Albania's one major airport, Rinas, is located in Tirana. The airport has outgrown its terminal and the GOA plans to issue a tender for the construction and operation of a new terminal in 2001-2. Consultants are presently preparing proposals for this tender. The United States Trade and Development Agency is working with the GOA to develop a plan for the purchase and financing of modern air traffic control and navigation equipment for the airport.

Albania's state-run railroad has approximately 240 miles of track. Rails, stations, and rolling stock are dilapidated and in dire need of investment. The system is not connected to the railroad of any neighboring country (the one international connection -- an 8-mile link to Montenegro -- was destroyed a few years ago). There are plans to link Albania and Macedonia's railroads but no funds have been identified for the project. Despite its limited network and poor equipment, the Albanian railroad moved 361,000 tons of cargo and 2.3 million passengers in 1999. In 2000, total freight transported increased to 420,000 tons. Railroad authorities predict they will carry roughly the same tonnage in 2001 in addition to 7,300 passengers per day.

Albania's energy infrastructure has been unable to keep pace with surging demand. According to some estimates, consumption outstrips productive capacity by 1.5 billion kilowatt hours per year. More than ninety percent of country's electricity is generated by hydropower and 15 percent of the total energy generated is lost due to technical deficiencies in the transmission and distribution systems. During the 2000 – 2001 winter season, blackouts occurred frequently throughout the country. During the past year, however, the GOA has devoted significant attention to reforming KESH, the state-owned energy electricity company. KESH has made significant progress in reducing non-technical energy losses and worked with USAID to develop a comprehensive energy strategy. This strategy is designed to liberalize energy prices, improve collections and reduce theft of electricity, create an independent regulatory agency and diversify the sources of Albania's energy. Given KESH's record of reforms, the World Bank recently decided to release USD 9 million in suspended credits for Albania's energy sector.

### Regional Economic Integration

Albania has signaled its interest in regional economic integration by signing bilateral agreements with Macedonia, Greece, Italy, and Croatia, as well as with Montenegro. In June 2001, the country joined Bosnia, Bulgaria, Croatia, the Former Republic of Yugoslavia, Macedonia, and Romania in signing the framework for the creation of a Balkan free trade zone. Under the agreement, countries will eventually reduce tariffs on

agreed goods to zero.

### Principal Growth Sectors

Albania's robust current growth is fueled primarily by the transportation, service and construction sectors. Albania's housing stock is old and in poor condition and the country has a sizeable housing deficit. A residential building boom is transforming the face of Tirana, Durres, Vlorë and other large cities and offers opportunities for construction and related companies. The tourism sector also appears on the verge of significant growth with Albanians returning to seaside resorts in large numbers in summer 2000 for the first time since civil insurrection of 1997 - 1998. The agricultural sector is also expanding with increased fruit, vegetable and grain production.

### Chapter 3 The Political Environment

The U.S. and Albania enjoy a strong and growing bilateral relationship. The United States provides technical and financial assistance to the government of Albania in numerous areas including military, police and judicial reform, bank privatization, and strengthening of civil society. Albanians have traditionally held the United States in high regard. Pro-U.S. sentiment, however, reached new heights in the aftermath of the successful NATO intervention in Kosovo.

### Major Issues Affecting the Business Climate

Transparency and corruption have eclipsed public order as the key issues affecting the business climate. After the collapse of the pyramid schemes in 1997, Albania descended into anarchy with citizens looting weapon depots and destroying factories and businesses. The country was again thrown into turmoil in September 1998, when political violence forced the Prime Minister to flee the country. The government of Albania, however, has made significant progress in restoring public order throughout the country.

Today, rather than complain about crime and a general lack of public order, businesses decry governmental corruption, particularly in the tendering and licensing processes, and uncertainty regarding government actions. Although bank lending has increased throughout the country, many small to medium-sized businesses also complain about the unavailability or high cost of credit.

Additional issues affecting business include the substandard transportation and energy infrastructures that inflate production and distribution costs, an ineffective and unresponsive judiciary, and high taxes relative to the level of services provided by the

government.

### Civil Society

Albania's NGO community is small but growing in influence and expertise. International NGOs and the USG are working to build local NGO capacity. Albania's NGOs are involved in providing social services, drafting legislation, training election monitors, and lobbying for reform. Most NGOs are headquartered in the capital, Tirana, but an increasing number are tackling issues including trafficking in women, economic development, crime, and the environment, in towns and cities across the country.

### Government - Business Dialogue

The GOA is increasingly interested in the views of the business community. The Ministry of Economic Cooperation and Trade has formed a Business Advisory Council comprised of business representatives to advise the GOA on key legislative initiatives including the government's strategy for small and medium-sized enterprises.

The business community is also developing institutions to increase its interaction with the government. Businesses recently founded a foreign investors association and the American Chamber of Commerce in Tirana, established in cooperation with the U.S. Embassy in Albania, has grown to 130 members. The Chamber is actively lobbying the Albanian government on behalf of local business interests.

### National - Local Relations

Albania's government is highly centralized with financial resources and powers concentrated at the national level. Only a small percentage of the national budget finds its way to local governments. Mayors and other local leaders complain that they lack the funds and legislative authority to tackle critical local issues such as economic development and infrastructure improvement. The government, however, has begun the process of devolving powers to local governments. Despite local government frustrations with limits on local power, relations between the central and local governments tend to be good.

### Political System

Albania is a parliamentary democracy. The head of state is the president who is elected by the parliament. The head of the government is the Prime Minister who is also chosen by the 140-member parliament which is elected every four years.

There are two major political parties in Albania, the Socialist Party and the Democratic

Party. National parliamentary elections were held in July 2001 and the ruling Socialists appear to have obtained a majority in the 140-seat parliament. The Democratic Party will function as the official opposition. In addition to these two parties, several smaller parties will sit in the new parliament.

Neither the Socialist nor Democratic Party possess coherent political philosophies. Rather, their positions and policies are of secondary importance to the personalities of their respective leaders. Despite its name, the Socialist Party has recently spearheaded the drive to privatize state-owned industries and has pursued a policy of economic liberalism in strong cooperation with the IMF. The Socialist-led coalition has also brought Albania into the World Trade Organization.

#### Chapter 4 Marketing of U.S. Products and Services

An American business in Albania may organize its local operations in a variety of ways. The four most common forms of Albanian businesses are sole proprietorships, partnerships, limited liability companies (Sh.p.k), and joint stock companies (Sh.A.). Law 7638 on commercial companies is the key piece of legislation governing the registration of companies and businesses in Albania.

Sole proprietorships are considered the simplest form of business organization. The owner of sole proprietorship has unlimited liability for the company's debts. To establish a sole proprietorship, an investor must register with tax authorities and provide the district court with his/her name, address in Albania and business purpose.

Both general and limited partnerships exist in Albania. Under a general partnership, "all partners are jointly and severally liable." In a limited partnership there are both limited and general partners, the former are liable for partnership obligations only up to the value of their investment in the partnership. No minimum capital is required to establish a limited partnership.

The closest Albanian equivalent to a U.S.-style corporation is the Sh.p.k. or limited liability company. Sh.p.k.'s are the most common Albanian corporate form and partners are only liable up to the value of their contribution to the company. Albanian law requires a minimum capital investment of 100,000 lek (USD 700) for the establishment of a Sh.p.k. an Albanian limited liability company may not issue shares.

An Albanian joint stock company (Sh.A.) may offer shares to the public. The minimum capital investment required to establish a Sh.A. depends on whether shares will be publicly offered. A Sh.A. offering shares requires a minimum capital investment of 10 million lek (USD 70,000), whereas a Sh.A. that will not offer shares requires an investment of only two million lek (USD 14,000).

Establishment of local and branch offices is permitted under Albania's commercial law and commercial register but procedures for registration are not entirely clear. Consultants recommend that parties interested in forming joint ventures hire local attorneys to guide them through the registration process. If a U.S. investor seeks to establish a joint venture with an agency of the government of Albania, the approval of the National Agency for Privatization and the Ministry of Public Economy and Privatization may also be required.

#### Finding a Local Partner and Attorney

A U.S. business may find a local partner by contacting the Commerce Department's Central and Eastern Europe Business Information Center's (CEEBCIS) trade specialist located at U.S. Embassy Tirana or the office in Washington. In addition, the American Chamber of Commerce or the Tirana Chamber of Commerce can provide U.S. companies with information about potential partners and counsel in Albania.

#### Checking Bona Fides of Banks, Agents, and Businesses

The Central Bank (Bank of Albania) licenses, inspects and regulates all banks in Albania. Businesses should contact the Central Bank (see contact information in Chapter 8) if they have questions regarding the bona fides of any local bank. American businesses seeking to do business with Albanian companies are encouraged to engage in due diligence including reviewing the Albanian company's tax certificate and VAT registration documents. Visiting the operations of the Albanian company is also recommended.

#### Distribution and Sales Channels

Businesses in Albania can sell or distribute products through wholesalers, retailers, and/or individuals. Importers can also sell products directly to wholesalers at the port of entry, who then distribute the goods to the other buyers.

#### Selling Techniques

Albanian consumers are price sensitive and have limited brand loyalty. Because of low household income, consumers tend to buy the lowest cost goods. This is gradually changing as incomes rise and the purchasing power of young Albanians, who are more familiar with western products, increases. American businesses looking to enter the Albanian market, consequently, need to carefully calibrate their prices despite the fact that U.S. products are very highly regarded by Albanian consumers.

Albania's advertising sector is small but growing. An affiliate of DDB worldwide has opened an office in Tirana. Traditionally, Albanians have viewed advertising with

suspicion, reasoning that a company that advertises has problems selling its products. Its products, therefore, must be of poor quality. This view appears to be receding as the number of advertisements on tv, radio and billboards increases. Albania, however, remains a culture with a strong oral tradition and in this small market, word of mouth recommendations are very important.

## Media

Albania's major newspapers include:

Koha Jone (355 (4) 247004), Kiço Blushi, Editor,  
kohajone@albn.net, redaksj@albn.net

Gazeta Shqiptare (355 (4) 357931), Arjan Cani, Editor (355 (38) 202-3946); Ilir Babaramo, Political Editor, (355 (38) 203-5556), gazesh@albaniaonline.net

Ekonomia (355 (4) 250766; fax: 355 (4) 250767), Genc Kondi, Editor,  
gazekonomia@albaniaonline.net

Shekulli (355 (4) 233526), Zamir Alushi, Editor (355 (38) 202-7243),  
redaksia@shekulli.com.al

Korrieri (355 (4) 253574), Blendi Fevziu, Director (355 (38) 202-3999); Alfred Peza, Editor (355 (38) 205-0260); postaekorrierit@hotmail.com

Albania (355 (4) 229243), Lutfi Dervishi, Editor (355 (38) 202-548); Ylli Rakipi, Publisher/Director (355 (38) 202-3771), albania@albaniaonline.net

Zeri i Popullit (355 (4) 224598), Erion Brace, Editor (355 (38) 203-0419),  
zeri@zeripopullit.com

Rilindja Demokratike (355 (4) 232355), Astrit Patozi, Editor (355 (38) 202-1504),  
gazetard@albaniaonline.net

Republika (355 (4) 228361), Neritan Alibali, Director (355 (4) 225988),  
republika@albaniaonline.net

"55" Fahri Balliu, Director (355 (4) 362372)  
gazeta55@icc.al.eu.org

Albania's major magazines include:

Klan Magazine, Andi Bushati, Editor (355 (38) 203-5567) (tel/fax 355 (4) 351923-4-5-6-7); klan@adanet.com.al , suad@albnet.net

Spekter, Ylli Molla, Editor (tel/fax 355 (4) 351421, 355 (4) 351422)

Albanian Observer (English language monthly) Teodor Misha, Editor (tel/fax. 355 (4) 235242),

Albania has one state-owned television station with country-wide coverage, Radio-Televizioni Shqiptar (TVSH). Numerous licensed television stations operate throughout the country. Major television and radio stations include:

Radio - Televizioni Shqiptar (TVSH), Alfred Dalipi, Director (355 (38) 202-9443); News Department (355 (4) 356056; fax: 355 (4) 356058); Office of the Director (355 (4) 227512);

Klan TV, Aleksander Frangaj, Owner/Director (355 (38) 202-3105); Armand Shkullaku, News Editor (355 (38) 203-4443)

TV Arberia, Ardit Gjebrea, Director (355 (38) 203-1311); Rezear Xhaxhiu, News Editor (355 (38) 204-0033; tel/fax: 355 (4) 227575; 355 (4) 243932) telearberia@albaniaonline.net

Shijak TV (355 (4) 247135), Gezim Ismaili, Owner/Director (355 (38) 202-1393) shijaktv02@albaniaonline.net

Teuta Televison, Bashkim Hoxha, Editor (355 (38) 203-3963); (355 (52) 23691), teutartv@albaniaonline.net, bah@albaniaonline.net

Telenorba (355 (4) 234457), Ilva Tare, News Editor (355 (38) 202-7603)

Vision+, (355 (4) 258490, fax: 355 (4) 258489)

Voice of America, Armand Mero (355 (38) 202-2969); Ilirjan Agolli (355 (38) 203-4210),

News wires:

Associated Press (tel/fax: 355 (4) 223772), Merita Dhimgjoka (355 (38) 202-3791)

Reuters (tel/fax: 355 (4) 362228), Benet Koleka (355 (38) 202-4975), Linda Spahia (355 (38) 202-5514)

Agence France Presse (tel/fax: 355 (4) 227426), Briseida Mema (355 (38) 202-0731)

## Chapter 5      Leading Sectors for U.S. Exports and Investment

(Note: Data are not available in the format requested reftel. End note.)

The following are ten the largest U.S. industrial exports to Albania for 2000 and the first quarter of 2001:

Product	value (million USD)	
	2000	Q1 2001
Liquid measuring equipment	0.21	--
Ultrasonic scanners	0.20	--
Mobile maintenance equipment	0.14	--
Medical equipment	0.51	0.21
Cranes	0.08	--
Bulldozers	0.07	--
Electric generators	0.06	0.002
Kidney dialysis equipment	0.05	--
Used transportation means	0.21	0.02
Antennae and related parts	0.06	0.004

### Investment Opportunities

The GOA's privatization program offers significant investment opportunities for U.S. companies. The government is presently in the process of selling the Savings Bank of

Albania, the country's largest, with the equivalent of nearly USD 1 billion in assets. The government also plans to sell the fixed line telephone company, Albtelecom, and INSIG, the state-owned insurance company, in 2002.

Additional companies that may be sold include the state oil company (Albpetrol), and the state chrome and copper companies (Alkromi and Albakri, respectively).

In addition, the food packaging and processing, computer, textile, construction, furniture and transportation sectors offer significant growth potential and investment opportunities for U.S. businesses.

### Agricultural Sector

Chief U.S. agricultural exports in USD millions to Albania are:

Product	1998	1999	2000	2001 (Q1)
Soybean oil	0	0	2.24	--
Flour (corn/wheat)	0	0	2.85	0.008
Chicken quarters	0	0.23	3.06	0.81
Beans	0	0	0.23	--
Sunflower oil	0	0	0.23	--
Rice	0	0.1	0.05	--

In addition to the above listed products, other agricultural sector products that present opportunities for U.S. companies include food packaging, frozen goods, seeds and fertilizers, and farm equipment and machinery.

### Chapter 6 Trade Regulations, Customs and Standards

Albania joined the World Trade Organization in September 2000 and is committed to reducing tariffs on imports. Currently, there are three basic custom rates for imports depending on product type: 5 percent, 10 percent and 15 percent. Albania recently joined Bulgaria, Croatia, the Former Republic of Yugoslavia, Macedonia and Romania in signing an agreement which binds the countries to work to create a regional free trade

area.

Import - export companies must have a license to operate but do not need to specify the type of products they will import/export in their license application. Most import - export companies are formed as sole proprietorships. There are no prohibited imports.

Albania has important shoe and clothing assembly industries. Raw materials are imported primarily from Greece and Italy and fashioned into final or near-final products in Albanian factories. Such companies pay a 1 percent customs fee on the imported raw materials and are exempt from the V.A.T. tax.

There is a 1 percent customs fee for products brought in to Albania temporarily for repair and then re-exported. Similarly, temporary machinery entering the country is subject to a 1 percent customs fee and may remain in the country for up to one year.

## Chapter 7 Investment Climate Statement

Albania presents a challenging investment climate, despite government encouragement of foreign direct investment. Albania's developing market economy, however, offers opportunities for investors willing to face significant difficulties and risks.

Albania was among the last states to overcome communism; decades of Stalinism, central planning, and isolationism ruined the economy. The country experienced violent unrest and destruction of property both with the fall of communism in 1991 and after the collapse of pyramid investment schemes in 1997. Albania remains among the poorest countries in Europe. Both physical and financial infrastructure remain under-developed. Corruption remains widespread and crime, while still problematic, has fallen significantly due to stepped up government efforts to improve public order.

Albania offers considerable natural resources, including oil, gas, and coal, iron, copper and chrome ores, and water and hydroelectric potential. Property and labor costs are low, and the large, young populace is ready to work. An on-going privatization process presents opportunities in strategic sectors. Moreover, Albania shares a border with Greece and is just across the Adriatic from Italy, offering proximity to western European markets.

### Travel Warning

The Department of State warns U.S. citizens of the potential danger of travel to Albania. The security situation throughout the country remains unstable. Business people considering visiting Albania should contact the state department or U.S. Embassy for the latest travel advisory information.

## Openness to Foreign Investment

The Government of Albania encourages foreign direct investment to aid the country's economic development but provides little in the way of tax, financial or other incentives. The government is considering the creation of a one-stop shop to assist foreign investors. The Albanian business community and public also generally welcome American firms and their products.

The Albanian government does not screen foreign investments. The principle of national treatment for foreign investors is established in Albanian law. The privatization strategy for sectors of primary importance explicitly seeks qualified foreign firms as strategic investors in telecommunications, energy, oil and gas, mining, banking, and other sectors. The Albanian government recently acceded to the world trade organization.

Agricultural land is an important exception to the openness to foreign investment. Foreign persons may not purchase agricultural land in Albania.

## Conversion and Transfer Policies

The Albanian lek floats freely and has been relatively stable with some seasonal variations over the past year. The lek is convertible without limits at banks and exchange bureaus and with legal street traders. Most transactions are carried out in cash. U.S. dollars and other foreign currencies are legally and commonly used.

Transfers abroad of funds and other financial assets are unrestricted so long as tax obligations and debts have been met. However, this legal freedom is not always respected in practice. In at least one instance, regulations intended to impede money laundering resulted in extensive delays on transfers.

## Expropriation and Compensation

In the post-communist period, expropriation has been limited to land needed for infrastructure projects, such as roads and the airport. Compensation has generally been above market value, though some owners have complained at the low real amount of payments. The Albanian government has not yet fully resolved competing land ownership claims resulting from communist-era expropriation of all agricultural land and industries and subsequent property distribution schemes. A number of U.S. citizens and residents have on-going disputes with the government regarding restitution for property expropriated during the communist regime as well.

## Dispute Settlement

Albania has a civil law system similar to that of most other European countries. However, the judicial system is widely viewed as corrupt and unreliable. Investors cannot rely on the enforceability of contracts. Foreign firms and institutions have also been subject to nuisance lawsuits aimed at receiving a cash settlement.

Most recent investment disputes have been claims against the Albanian government for damages resulting from property destruction and looting during violent disorder in 1997. Albania is a member of the International Court for Settlement of Investment Disputes (ICSID).

## Performance Requirements/Incentives

Albanian law generally does not establish performance requirements or incentives for foreign investors. One important exception is the investment requirement relating to foreign persons' purchases of city or industrial land. The government, however, recently required purchasers of its mobile phone company to make specific investments by a certain date or pay a penalty of USD 1.5 million. In addition, foreign firms operating in Albania complain that capital goods and raw materials are subject to the same taxes as consumer goods.

## Right to Private Ownership

Albanian law permits private ownership and establishment of enterprises and property. Nearly 98 percent of land is now privately owned.

Businesses have complained that in some instances bureaucracy and corruption made obtaining a business license a lengthy and/or costly process. Other companies have lost licenses without any prior notice or due process. A significant portion of economic activity remains outside formal legal structures.

## Protection of Property Rights

Property rights established under Albanian law are not adequately protected; enforcement is generally left to the owner. The Albanian government, with the assistance of a USAID project and other donors, is developing an immovable properties registration system to record documented land ownership and claims.

Intellectual property rights are established in Albanian laws. However, those laws generally are not enforced and violations of copyright, trademark, and other intellectual property rights are widespread and blatant.

## Transparency of the Regulatory System

The regulatory system is far from transparent. Businesses have difficulty obtaining copies of laws and regulations. Laws and regulations are sometimes inconsistent, leading to unreliability of interpretation. Corruption also means that laws and regulations are applied inconsistently.

## Efficient Capital Markets and Portfolio Investment

Albania's financial sector remains rudimentary. The government plans to sell the Savings Bank of Albania by early 2002. This bank has approximately 80 percent of all deposits in Albania, a paid-up capital of USD 4.9 million, and a pre-tax profit of USD 40 million in 2000. Twelve private banks, all of them either foreign-owned or joint ventures, generally offer their clients deposit accounts, foreign transfers, trade finance and, increasingly, mortgages.

There is no formal equities market in Albania. The Tirana Stock Exchange functions only as a money market for trading in Albanian treasury bills, and will be limited to the inter-bank secondary market. A few venture capital funds invest in Albania.

## Political Violence

Albania most recently experienced violent unrest and widespread destruction of property in spring 1997, following the collapse of pyramid investment schemes in which many Albanians had deposited their savings and again in 1998 when political violence forced the Prime Minister from office.

Since late 1998, however, the government has made significant progress in extending the rule of law to all parts of Albania. Crime, however, remains a serious concern to citizens and business people alike. Businesses have been targets of extortion, theft, and robbery.

The most recent serious challenge to government authority -- the influx of influx of 500,000 Kosovar refugees in the summer of 1999 -- was handled with considerable skill and resulted in only minimal disruption of the local economy.

## Bilateral Investment Agreements

A bilateral investment treaty between the United States and Albania was signed in 1995 and entered into force on January 3, 1998. This treaty, inter alia, ensures U.S. investors

receive national or most-favored-nation treatment and provides for dispute settlement.

Albania also has concluded bilateral investment protection agreements with the following countries, in chronological order: Greece, Turkey, Romania, Bulgaria, Macedonia, Germany, Italy, France, Austria, Switzerland, Finland, Denmark, Sweden, the Netherlands, Great Britain, Slovenia, Croatia, Hungary, the Czech Republic, Poland, Russia, Israel, Tunisia, Egypt, China, and Malaysia.

#### OPIC and Other Investment Insurance Programs

The Overseas Private Investment Corporation (OPIC) has not provided cover for investments in Albania, but has expressed readiness to consider proposals. OPIC has created a USD 150 million equity fund for southeast Europe, including Albania. Albania is a member of the Multilateral Investment Guarantee Agency (MIGA).

The Albanian government, with World Bank financing, has established the Albanian Guarantee Agency (AGA) which provides broad political risk insurance for foreign and local investors in Albania. AGA now also plans to offer export assistance to Albanian firms.

#### Labor

Albania's young, literate populace represents a surplus of labor, reflected in an official unemployment rate of 16 percent. Many workers have emigrated, often illegally, particularly to Greece and Italy. While some members of the labor force are highly skilled, many work in inefficient industries with outdated technology. Albanians are rapidly learning market economic practices and often display impressive entrepreneurship.

Albania adheres to all basic international labor organization conventions protecting worker rights. However, given the desperation of many Albanians for work and the weakness of government institutions, compliance cannot be assured. Many children sell cigarettes, candy, and other goods on the street or work on farms with their families.

#### Foreign Trade Zones / Free Ports

The issue of free trade zones to attract foreign investment has been under consideration for some time. Existing law provides authority to establish free trade zones and a special free trade zone commission has been established by the government to identify potential free zone sites. However, no free trade zones or free ports have yet been established.

## Foreign Direct Investment Statistics

Instat, the national statistics agency, reports the following foreign direct investment in Albania, in millions of U.S. dollars: 1998 (45); 1999 (41.2); 2000 (143).

## Chapter 8 Trade and Project Financing

Albania's banking system is overseen by an independent Central Bank, the Bank of Albania. Banks do not yet play a central role in the Albanian economy, as most businesses do not rely on banks for financing. Business start-ups are funded by cash (often foreign remittances) supplied by family, friends and partners. Albanians, generally unfamiliar with banks and distrustful of financial institutions after the 1996-97 collapse of the pyramid schemes, are wary of depositing their savings in banks.

In addition to the Central Bank, there are 13 other banks in Albania. The GOA recently privatized the National Commercial Bank and is currently soliciting offers for the Savings Bank of Albania. The Savings Bank has the equivalent of approximately USD 1 billion in deposits, nearly 80 percent of all Albanian bank deposits.

The remaining banks are foreign-owned or joint ventures. They include the American Bank of Albania whose initial capital was provided by the United States government through the Albanian - American Enterprise Foundation, the National Bank of Greece, the Arab-Islamic Bank of Albania, the Italian - Albanian Bank, Fefad Bank, First Investment Bank (Bulgaria), Alpha Credit Bank (Greece), InterCommercial Bank (Greece), Tirana Bank (Greece), Dardania Bank (Kosovo) and International Bank of Commerce (Malaysia).

In addition to these banks, two equity funds maintain offices in Albania and look to take an equity positions in or make loans to local enterprises. These funds are the American - Albanian Enterprise Fund and the Albania Reconstruction Equity Fund.

There are no foreign exchange controls affecting trade.

## Project Financing by the IFIs

The World Bank maintains a diverse, multi-million dollar portfolio in Albania. The bank's three priorities are governance and institution building, promoting sustainable private sector growth, and promoting human development and poverty alleviation.

The International Monetary Fund provides budgetary support to the Government of Albania. Receipt of this aid is conditioned on on-going economic reforms. Strong

cooperation between the GOA and IMF helped establish and now is critical to the maintenance of the country's macroeconomic stability. The World Bank and IMF are currently cooperating to develop a poverty reduction and growth strategy for Albania.

The EBRD has a USD 93 million dollar portfolio in Albania with projects in both the public and private sectors. Leading public sector projects involve road building and energy sector loans. In the private sector, the EBRD has equity positions in a leading local hotel, the National Commercial Bank, the Albanian Reconstruction Equity fund, and the Italian - Albanian bank.

OPIC serves Albania from a regional office based in Zagreb, Croatia. OPIC currently does not cover any investments in Albania. However, in July 2000, OPIC launched the Southeast Europe Equity Fund, a USD 150 million fund to stimulate new business development, expansion, restructuring and privatization in the region." It is hoped that the fund will finance projects in Albania. The Export-Import Bank of the United States currently does not offering financing in Albania.

#### Contact information

Names, addresses and phone numbers for commercial banks and other financial institutions operating in Albania follow.

Central Bank of Albania (state bank)  
Shkelqim Cani, Governor  
Sheshi Skenderbej No. 1  
Tirana, Albania  
Tel. 355 (4) 222752; 222230; 235568  
Fax: 355 (4) 223558  
E-mail: [public@bankofalbania.org](mailto:public@bankofalbania.org)

Savings Bank of Albania  
Edvin Libohova, General Director  
Rruga "Deshmoret e 4 Shkurtit" No.6  
Tirana, Albania  
Tel. 355 (4) 24540; 222660  
Fax: 355 (4) 223587; 223695  
E-mail: [info@bkursimeve.com.al](mailto:info@bkursimeve.com.al)

National Commercial Bank  
Spiro Brumbulli, Seyhan Pencapligil, Co-directors  
"Jean d'Arch" Blvd.

Tirana, Albania  
Tel. 355 (4) 235100; 223133  
Fax: 355 (4) 235116; 235118

Alpha Credit Bank  
Andreas Bartzsis, General Director  
Bulevardi Zogu I  
Tirana, Albania  
Tel. 355 (4) 240478  
Fax: 355 (4) 232102  
E-mail: [alphabank@interalb.net](mailto:alphabank@interalb.net)

American Bank of Albania  
Lorenzo Roncari, President & CEO  
Rruga Ismail Qemali, no. 27  
P.O. Box 8319  
Tirana, Albania  
Tel. 355 (4) 248753  
Fax: 355 (4) 248762  
E-mail: [aba@icc.al.eu.org](mailto:aba@icc.al.eu.org)

Arab-Albanian Islamic Bank  
Abdul Waheed Alavi, General Manager  
Blvd. Deshmoret e Kombit, No. 8  
Tirana, Albania  
P.O. Box 128  
Tel. 355 (4) 227408  
Fax: 355 (4) 228460  
E-mail: [aaib@Albaniaonline.net](mailto:aaib@Albaniaonline.net)

Dardania Bank  
Beqir Menselxhiu, General Director  
Veve Business Center  
Blvd. Deshmoret e Kombit, No. 72  
Tirana, Albania  
Tel. 355 (4) 228759  
Fax: 355 (4) 230566  
Telex: 2298 db banc ab  
E-mail: [dba@albmail.com](mailto:dba@albmail.com)

Fefad Bank  
Luis Schunk, General Director  
Rruga Sami Frasheri, Tirana e Re

Tirana, Albania  
Tel. 355 (4) 230499; 233496  
Fax: 355 (4) 233481  
E-mail: [fefad@icc.al.eu.org](mailto:fefad@icc.al.eu.org)

First Investment Bank  
Evgueni Loukanov, Director  
Blvd. Deshmoret e Kombit, no. 64  
Tirana, Albania  
Tel. 355 (4) 256423; 256424  
Fax: 355 (4) 256422  
E-mail: [office@fibTirana.adanet.com.al](mailto:office@fibTirana.adanet.com.al)

Intercommercial Bank  
Georges Karacostas, General Manager  
Tirana Tower  
Rruga e Kavajes, No. 59  
Tirana, Albania  
Tel. 355 (4) 258755-60  
Fax: 355 (4) 258752  
E-mail: [icbs@Albaniaonline.net](mailto:icbs@Albaniaonline.net)

Italian-Albanian Bank  
Giancarlo Rizzola  
Rruga e Barrikadave  
Tirana, Albania  
Tel. 355 (4) 233965/233966  
Fax: 355 (4) 233967  
E-mail: [biatia@adanet.com.al](mailto:biatia@adanet.com.al)

National Bank of Greece  
Athanasios Alvas, Manager  
Veve Business Center  
Blvd. Deshmoret e Kombit, No. 72  
Tirana, Albania  
Tel. 355 (4) 233621/5  
Fax: 355 (4) 233623  
E-mail: [nbgTirana@albaniaonline.net](mailto:nbgTirana@albaniaonline.net)

Tirana Bank  
Dimitris Karavias, General Manager  
Blvd. Deshmoret e Kombit, No. 55/1  
Tirana, Albania

Tel. 355 (4) 233443; 233467; 233441; 233492  
Fax: 355 (4) 233417  
E-mail: [tiranabank@icc.al.eu.org](mailto:tiranabank@icc.al.eu.org)

International Commercial Bank  
Mohana Dass Kirshnasamy  
Blvd. Deshmoret e Kombit  
Veve Business Center  
Room 108, 1<sup>st</sup> floor  
Tirana, Albania  
Tel. 355 (4) 37567  
Fax: 355 (4) 37570  
E-mail: [icba@icc.al.eu.org](mailto:icba@icc.al.eu.org)

Tirana Stock Exchange  
Scanderbeg Square, No. 1  
Tirana, Albania  
Tel. 355 (4) 235568, ext. 179.  
Fax: 355 (4) 223558  
E-mail: [emeka@capmark.Tirana.al](mailto:emeka@capmark.Tirana.al)

#### International Financial Institutions

European Bank for Reconstruction and Development  
Giulio Moreno  
Head of Office  
Rruga Deshmoret e 4 Shkurtit, No. 26  
Tirana, Albania  
Tel: 355 (4) 235204/230580  
Fax: 355 (4) 230580  
E-mail: [moreno@tir.EBRD.com](mailto:moreno@tir.EBRD.com)

International Monetary Fund  
Volker Treichel  
Resident Representative  
Lek Dukagjini Nr. 3  
Tirana, Albania  
Tel: 355 (4) 230821/230824  
Fax: 355 (4) 227732  
E-mail: [vtreichel@IMF.org](mailto:vtreichel@IMF.org)

The World Bank

Deshmoret e 4 Shkurtit, no. 34  
Eugen Scanteie  
Resident Representative  
Tirana, Albania  
Tel: 355 (4) 240587/240588  
Fax: 355 (4) 240590

#### Other Financial Institutions

Albanian American Enterprise Fund  
Rruga Islam Alla, Nr. 70  
Tirana, Albania  
Tel/fax: 355 (4) 222408; 223381

Albania Reconstruction Equity Fund  
Tirana Trade Center  
Rruga e Durrës 1  
Tirana, Albania  
Tel/fax: 355 (4) 228080/ 228709

U.S. Trade and Development Agency (USTDA)  
Jeanette Miller,  
Director, Business Development for Southeast Europe  
Andrije Hebrange, 11/ii  
10000 Zagreb, Croatia  
Tel: 385-1-461-0777  
Fax: 385-1-455-3126  
E-mail: jmillers @tda.gov

Overseas Private Investment Corporation (OPIC)  
John Moran  
Director, Business Development for Southeast Europe  
Andrije Hebrange, 11/ii  
10000 Zagreb, Croatia  
Tel: 385-1-461-0777  
Fax: 385-1-455-3126

#### Chapter 9 Business Travel

Business travelers to Albania should remember that the country's transportation network

is limited and should take precautions to ensure their personal safety. Travelers should visit the state department's travel advisory website (<http://travel.state.gov>) before departing for Albania.

U.S. visitors do not need a visa to enter Albania but must pay a USD 10 airport tax upon arrival.

Public transportation is very limited in Albania and most business travelers will want to travel by taxi or hire a car and driver for the duration of their visit. A taxi for the trip from Rinas airport to center city Tirana costs approximately USD 25-30. A car and driver can be rented for approximately USD 6 per hour.

### Travel Warning

The U.S. Department of State warns U.S. citizens of the potential danger of travel to Albania. The security situation throughout Albania remains unstable. During the political and economic unrest in 1997, many weapons were looted from government arms depots and remain in unauthorized civilian hands. All gatherings or large crowds should be avoided particularly those involving political causes or striking workers.

The crime rate is high throughout much of Albania with instances of armed robberies, assaults, bombings and carjackings. Armed crime is particularly problematic in Shkoder and other towns in northern Albania. Throughout the country street crime is fairly common and occurs particularly at night.

### Business Hours and Operations

Most Albanian businesses are open Monday through Friday from 8 a.m. to 6 p.m. Government offices generally operate Monday through Friday from 8 p.m. to 4 p.m. and occasionally open on Saturday mornings. There is no legislation regulating shop hours and many shops are open seven days a week.

There are no restrictions (or required paperwork) on entering Albania with a lap top computer for personal use.

The national language of Albania is Albanian. Albania has a large pool of well-trained and talented linguists who can serve as translators/interpreters. Translators generally charge between USD 50 per and USD 150 per day. Many Albanians, however, speak English, Italian, and/or Greek and are able to do business in those languages in addition to Albanian.

Albania is a relationship-oriented society which places a premium on friendship,

hospitality and trust. Business discussions are usually preceded by a series of questions concerning the health, family and general well-being of the parties. Business meetings generally include coffee or other beverages. Time spent drinking coffee is considered an integral part of the meeting and should not be dismissed as a waste of time. Generally, the person who invites a person for a meal or drink also pays. Refusing to allow a person to pay for you when you have been invited is considered rude. In addition, splitting bills is not considered polite or proper. Credit cards are not widely accepted in Albania and most transactions are conducted in cash.

Schools, government offices, banks, shops, most business are closed on the following Albanian holidays:

January 1 & 2	New Year's
January 8	Big Ramadan
March 16	Small Ramadan
March 22	Nevruz
April 23	Catholic Easter
April 30	Orthodox Easter
May 1	May Day
November 28	Independence Day
November 29	Liberation Day
December 25	Christmas Day

U.S. Embassy Tirana encourages all U.S. business people to meet with the Embassy's economic/commercial officer when in Tirana. To set an appointment, please contact Charles Levesque (355-38-202-9813, [levesquecw2@state.gov](mailto:levesquecw2@state.gov)) or Omer Dashi (355-38-202-9946, [dashiox@state.gov](mailto:dashiox@state.gov)).

## Chapter 10 Economic and Trade Statistics

### The Domestic Economy

	1998	1999	2000
GDP (current prices USD millions)	3,058	3,681	3,857
GDP growth (%)	8.0	7.3	7.0

GDP per capita (USD)	899	1,083	1,134
Government spending As a percent of GDP	30.7	32.7	31.5
Unemployment (%)	17.8	18.2	15.96
Foreign exchange Reserves (USD millions)	384	481	500
Average exchange rate (lek/dollar)	150.6	137.7	140
Debt service ratio (%)	6.2	3.9	6.4
Us economic assistance (USD millions)	40	59	32

(Note. 1998 U.S. economic assistance includes SEED funds and ESF commodity assistance. 1999 economic assistance includes SEED funds, SEED Supplemental and ESF budgetary assistance whereas the 2000 and 2001 economic assistance figures include only SEED funds. End note. Sources: INSTAT, the Bank of Albania and USAID.

#### Trade statistics

(millions of USD)

	1998	1999	2000 (Jan-May)
Total Country Exports	206.6	275.5	106.8

Total country

Imports	838.8	1155.2	401.6
US Exports	3.1	26.2	5.7
US Imports	3.4	1.3	0.7

Source: Instat

## Chapter 11 US and Country Contacts

Key U.S. and Albanian business and governmental contacts include:

Ministry of Economic Cooperation and Trade  
 Ms. Ermelinda Meksi, Minister  
 Blvd. Jean d'Arch.  
 Tirana, Albania  
 Tel. 355 (4) 222625  
 Fax: 355 (4) 228442

Albanian Economic Development Agency (AEDA)  
 Mr. Dashamir Mezini, Director  
 Blvd. Jean d'Arch  
 Tirana, Albania  
 Tel/fax: 355 (4) 250767  
 Tel: 355 (4) 250766

Albanian Guarantee Agency (AGA)  
 Mr. Adrian Dabulla, Managing Director  
 Rruga Ismail Qemali Pall. 3, Shk. 1, Apt. 2  
 Tirana, Albania  
 Tel. 355 (4) 247048  
 Fax: 355 (4) 247047  
 E-mail: [adabulla@icc.al.eu.org](mailto:adabulla@icc.al.eu.org)  
 Internet: [www.aga-al.com](http://www.aga-al.com)

Chamber of Commerce and Industry  
 Mr. Luan Bregasi, President  
 Rruga e Kavajes No. 6

Tel. 355 (4) 230284  
Fax: 355 (4) 227997  
E-mail: [root@ccitr.tirana.al](mailto:root@ccitr.tirana.al)

Tourism Development Committee  
Mr. Agim Sinoimeri, Chairman  
Dajti Hotel  
Deshmoret e Kombit Blvd.  
Tirana, Albania  
Tel. 355 (4) 258323  
Fax: 355 (4) 258322

Ministry of Public Economy and Privatization  
Mr. Mustafa Muci, minister  
Deshmoret e Kombit Blvd.  
Tirana, Albania  
Tel. 355 (4) 227617  
Fax: 355 (4) 234052

Albanian - American Trade and Development Association  
(AATDA)  
Mr. Gafur Luga, Executive Director  
Deshmoret e Kombit Blvd.  
Tirana, Albania  
Tel. 355 (4) 227032  
Fax: 355 (4) 227032  
E-mail: [gluga@albmail.com](mailto:gluga@albmail.com)

Ministry of Finance  
Mr. Anastas Angjeli, Minister  
Deshmoret e Kombit Blvd.  
Tirana, Albania  
Tel. 355 (4) 228405  
Fax: 355 (4) 228494

General Directorate of Customs  
Petrir Ago, General Director  
Rruga Sami Frasheri  
Tirana, Albania  
Tel. 355 (4) 234499  
Fax: 355 (4) 243914

U.S. Embassy Tirana

Econ/Commercial Section  
Omer Dashi, CEEBIC Commercial Specialist  
"Rruga e Elbasanit" 103  
Tirana, Albania  
Tel. 355 (4) 247285-9  
Fax: 355 (4) 232222  
E-mail: [dashiox@state.gov](mailto:dashiox@state.gov)

Jennifer Gothard  
Trade Specialist  
Central and Eastern Europe Business Information Center  
(CEEbic)  
1401 Constitution Avenue, N.W.  
US Department of Commerce  
Ronald Reagan Building  
CEEbic  
Washington, D.C. 20230  
Tel. 1 (202) 482-2645  
Fax: 1 (202) 482-3898  
E-mail: [ceebic@ita.doc.gov](mailto:ceebic@ita.doc.gov)

Jonathan Kimball  
Albania Desk Officer  
U.S. Department of Commerce  
Central and Eastern Europe Division, Room 3319  
Washington, D.C. 20230  
Tel. 1 (202) 482-4915  
Fax: 1 (202) 482-4505  
E-mail: [jonathan\\_kimball@ita.doc.gov](mailto:jonathan_kimball@ita.doc.gov)

Jeremy Keller  
Principle Commercial Officer  
United States Consulate  
43 Tsimiski Street  
546 23 Thessaloniki, Greece  
Tel. 30-31-242-905  
Fax: 30-31-242-924

OPIC  
John Moran  
Director, Business Development for Southeast Europe  
OPIC/USTDA Office  
US Embassy Zagreb

Andrije Hebranga 11/ii  
10000 Zagreb, Croatia  
Tel:385-1/461-0777  
Fax:385-1/455-3126  
E-mail:jmora@opic.gov.

American Chamber of Commerce in Albania  
Floreta Luli-Faber, Executive Director  
C/o Fultz Technical School  
P.O. Box K.P. 2400/1  
Tirana, Albania  
Tel/fax: 355 (4) 259779  
E-mail: amchamal@interalb.net

## Chapter 12      Market Research

Post has completed two international market insights (IMI) for power and road projects and can respond to inquiries of specific interest by the business community.

## Chapter 13      Trade Event Schedule

The major trade shows in Albania include:

Agroexhibition	Ag & Food Products	March
Expo-prima	Diversified Products	April
Hua tian	Chinese Products	April
Greece 2001	Greek Products	May
Klik Expo Klik	Diversified Products	May
Fiera del Levante	Italian-sponsored Trade Fair	June
Expo-Prima	Ag Trade Fair	October
Tirana Chamber of Commerce Show	Diversified Products	November

Elida co 94

International Trade  
Fair

November

Klik Expo Klik

Diversified Products    December